

# 1997 Resident Personal Income Tax

## For Assistance

If you have questions, please call one of the following help numbers.

Phoenix .....(602) 255-3381  
 Other Arizona areas .....(800) 352-4090  
 Form Orders .....(602) 542-4260  
 Forms by Fax .....(602) 542-3756  
 Recorded Tax Information  
     Phoenix .....(602) 542-1991  
     Other Arizona areas ..(800) 845-8192  
 Hearing impaired TDD user  
     Phoenix ..... (602) 542-4021  
     Other Arizona areas ... (800) 397-0256

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## Do You Need To File a Return?

**A. Filing Status and Income.** Your filing status and income determine if you must file an Arizona income tax return. You must file a return to get a refund of any Arizona income tax withheld.

Gross income is gross income as defined under the Internal Revenue Code less that income Arizona law excludes from Arizona taxation.

The following is a list of some types of income that Arizona law excludes from taxation.

- interest from U.S. Government obligations
- social security retirement benefits received under Title II of the Social Security Act
- benefits received under the Railroad Retirement Act

An Arizona resident must report income from **all** sources. This includes out-of-state income.

## Filing Status and Income Chart

The following rules are for all Arizona taxpayers.

You must file if you are:	and your gross income is at least:	or your Arizona adjusted gross income is at least:
Single	\$ 15,000	\$ 5,500
Married filing jointly	\$ 15,000	\$ 11,000
Married filing separately	\$ 15,000	\$ 5,500
Unmarried head of household	\$ 15,000	\$ 5,500

You can find your Arizona adjusted gross income on line 16 of Arizona Form 140A

**B. Residency Status.** You are a resident of Arizona if your domicile is in Arizona. Domicile is the place where you have your permanent home. It is where you intend to return if you are living or working temporarily in another state or country.

Residents who leave Arizona for a temporary period are residents during their absence. This includes persons in the military. A resident is taxable on all income no matter where the resident earns the income.

For more information on determining residency for Arizona income tax purposes, see Arizona Department of Revenue Income Tax Procedure ITP 92-1. To get a copy of this procedure, call one of the help numbers listed on this page.

**C. Military Personnel.** If you were an Arizona resident when you entered the military, you continue to be an Arizona resident regardless of where you are stationed. You continue to be an Arizona resident unless you establish a new domicile.

If you are an Arizona resident, you are subject to Arizona income tax on all of your income. This includes your military pay.

If you are a nonresident stationed in Arizona, you are not subject to Arizona income tax on your military pay. If you earn other income in Arizona, that

income is taxable by Arizona. Use Form 140NR, *Nonresident Personal Income Tax Return*, to report this income.

For more information, see Arizona Department of Revenue brochure, Pub 704, *Taxpayers in the Military*. To get a copy of this brochure, call one of the help numbers listed on this page.

**D. American Indians.** You must file an Arizona income tax return if you meet the Arizona filing requirements unless **all** the following apply to you.

1. You are an enrolled member of an Indian tribe.
2. You live on the reservation established for that tribe.
3. You earned all of your income on that reservation.

For more information, see Arizona Department of Revenue Income Tax Ruling ITR 96-4. To get a copy of this ruling, call one of the help numbers listed on this page.

**E. Spouses of American Indians.** If either 1 or 2 below apply to you, see Arizona Department of Revenue Income Tax Ruling ITR 96-4.

1. You are a non-Indian married to an Indian described in paragraph D above.

2. You are a non-enrolled Indian married to an Indian described in paragraph D above.

To get a copy of this ruling, call one of the help numbers listed on page 1.

**F. Part-Year Residents.** Use Form 140PY, *Part Year Resident Personal Income Tax Return*, to report any income earned while an Arizona resident.

You are a part-year resident if you did either of the following during 1997.

1. You moved into Arizona with the intent of becoming a resident.
2. You moved out of Arizona with the intent of giving up your Arizona residency.

See Form 140PY instructions.

**G. Nonresidents.** Use Form 140NR, *Nonresident Personal Income Tax Return*, to report any income derived from Arizona sources.

**H. Deceased Taxpayer.** When a taxpayer dies during the year, the surviving spouse or personal representative may have to file a final return. Use the form the taxpayer would have used. Enter the word "deceased" after the decedent's name in the address section of the form. Also enter the date of death after the decedent's name. The surviving spouse may file a joint return with the deceased taxpayer. If you are filing a joint return, write "filing as surviving spouse" in the area for the deceased spouse's signature. Include the deceased taxpayer's income up to the date of death and your income for the entire year. **If the department mailed you a booklet, do not use the label.**

If requesting a refund, complete Form 131, *Claim for Refund on Behalf of Deceased Taxpayer*. Attach this form to the **front** of your return. It may be necessary to file fiduciary or estate tax returns also. Call the Arizona Department of Revenue for details at

(602) 542-4022 on filing a fiduciary or estate tax return.

## When Should You File?

Your 1997 tax return is due no later than midnight, April 15, 1998.

File your return as soon as you can after January 1, but no later than April 15, 1998. To avoid penalties and interest, the United States Postal Service must postmark your return by April 15, 1998.

You may request an extension if you know you will not be able to file on time. *An extension does not extend the time to pay your income tax. Failure to pay at least 90 percent of the tax due by the original due date will result in a penalty.* The department charges interest on any tax that you do not pay by April 15. The department also charges an extension underpayment penalty if you do not pay 90 percent of your tax by April 15. This penalty is one-half of one percent (.005) of the tax not paid for each 30 day period or fraction of a 30 day period. This penalty cannot exceed 25 percent of the unpaid tax.

### To get a filing extension, you can either:

1. Apply for a state extension (Form 204). To request a filing extension for only your Arizona return, file Arizona Form 204 by April 15. See Form 204 for details.
2. Use your federal extension (Federal Form 4868 or 2688). Arizona will accept your federal extension for the same period. Attach a copy of the federal extension to the front of your return. However, if you must make a payment, use Arizona Form 204.

*Attach a copy of your extension to the front of your return when you file.*

## Nonresident Aliens

Nonresident aliens having federal income tax returns due on June 15 must file Arizona tax returns by April 15.

To file an Arizona return at the same time the federal return is due, file for an extension by April 15.

You must pay at least 90 percent of your tax liability by April 15. Those filing for a federal four-month extension must file an Arizona extension for both the four-month and two-month extensions. See Form 204 for extension filing details.

When you do not file your Arizona return or extension by April 15, the department may charge you interest and penalties. Late filing and late payment penalties and interest will apply to the unpaid tax liability.

## Penalties and Interest

**A. Late Filing Penalty.** The late filing penalty is 5 percent of the tax found to be remaining due for each month or fraction of a month the return is late. This penalty cannot exceed 25 percent of the tax found to be remaining due.

**B. Extension Underpayment Penalty.** The department imposes this penalty if you do not pay 90 percent of the tax liability shown on your return filed under an extension by the return's original due date. The department may also impose this penalty if you do not attach the extension to your return when you file. The extension underpayment penalty is one-half of one percent (.005) of the tax not paid for each 30 day period or fraction of a 30 day period. The department imposes this penalty from the original due date of the return until the date you pay the tax. The extension underpayment penalty cannot exceed 25 percent of the unpaid tax.

**C. Late Payment Penalty.** The department imposes the late payment penalty if you do not pay the tax by the time prescribed for its payment. The late payment penalty is 10 percent of the tax not paid within the time prescribed for its payment.

**NOTE:** *If you are subject to two or more of the above three penalties, the maximum combined penalty cannot exceed 25 percent.*

**D. Interest.** The department charges interest on any tax not paid by the due date even if you have an extension. The department charges interest from the original due date to the date of payment. The Arizona rate of interest is the same as the federal rate.

Contact one of the help numbers listed on page 1 of these instructions for the current interest rate.

## How to Amend a Return

To make a change in your return for 1997 or prior years, file an Arizona Form 140X, *Individual Amended Return*. **Do not** file a new return for the year you are correcting. Generally, you have four years to amend a return to claim a refund.

If the Internal Revenue Service changes your federal taxable income, you must file an Arizona Form 140X for that year. Attach a complete copy of the IRS agent's report. If there are any changes to your federal taxable income, you must amend your Arizona return within 90 days of the change.

## Line-by-Line Instructions

### Tips for Preparing Your Return:

- Complete your return using black ink.
- You must round dollar amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar; if less than 50 cents, round down.
- Complete your federal return before you start your Arizona return.
- Include your home telephone number and a daytime telephone number, if different.
- If filing a fiscal year return, fill in the period covered in the space provided at the top of the form.

## Entering Your Name, Address, and Social Security Number

### Lines 1, 2, and 3 -

If your booklet has a pre-addressed label inside, use that label if all the information is correct. **Do not use the label if any information is incorrect.**

If there is no correct pre-addressed label, print or type your name, address, and social security number in the space provided. If you do not have a social security number, but have an IRS individual taxpayer identification number, use that number instead. If filing a joint return, enter both social security numbers in the same order as your first names. If you and your spouse have different last names, separate your last names with "and." Put them in the same order as your first names and social security numbers.

The department issues refunds under both first name initials and the last name listed first on the return. For a deceased taxpayer, see page 2 of these instructions.

Use your current home address. The department will send your refund or correspondence to that address.

**NOTE:** *Make sure your social security number is correct and listed in the same order every year if filing jointly.*

Make sure that every return, statement, or document that you file with the department has your social security number. If you pay someone to prepare your return, your preparer must also include a proper identification number where requested.

A paid preparer may use either of the following.

1. The paid preparer may use his or her social security number.
2. The paid preparer may use the federal employer identification number for the business.

Failing to include the proper numbers may subject you or your preparer to a penalty. Make sure that all of the required identification numbers are clear and correct. Your return may take longer to process if identification numbers are missing, incorrect, or unclear. If you are filing a joint return, enter your social security numbers in the same order every year.

*If your name appears first on the return, make sure your social security number is the first number listed.*

## Determining Your Filing Status

The filing status used on your federal return may be different from that used on your Arizona return. Use this section to determine your correct filing status. Check the appropriate box (4 through 7) on the front of Form 140A.

### Line 4 Box - Married Filing a Joint Return

You may use this filing status if married as of December 31, 1997. It does not matter whether or not you were living with your spouse. You may use this filing status if your spouse died during 1997 and you did not remarry in 1997. See "Deceased Taxpayer" section on page 2 for more information.

The Arizona Form 140A is for full year residents only. You may not file a joint Arizona income tax return on Form 140A if any of the following apply.

1. Your spouse is a nonresident alien (citizen of and living in another country).
2. Your spouse is a resident of another state.
3. Your spouse is a part-year Arizona resident.

If filing a joint return with your nonresident spouse, you may file a joint return using Form 140NR. See Form 140NR instructions.

If filing a joint return with your part-year resident spouse, you may file a joint return using Form 140PY. See Form 140PY instructions.

For more information on filing a joint return with your part-year resident or nonresident spouse, see Arizona Department of Revenue Income Tax Ruling ITR 95-2. To get a copy of this ruling, call one of the help numbers listed on page 1 of these instructions.

### Line 5 Box - Unmarried Head of Household

In most cases you may file as head of household on your Arizona return when you qualify as head of household on your federal return.

You cannot file as head of household on your Arizona return when you do not qualify as head of household on your federal return.

**Important:** While for the most part Arizona law is like federal law, Arizona law is not always the same as federal law. You cannot file as head of household on your Arizona return if you are married living apart from your spouse.

The head of household filing status is for **unmarried** individuals who provide a home for certain other persons. You may check the box on line 5 **only if** you were unmarried or legally separated under a court order as of December 31, 1997. You are unmarried if you have never been married or are divorced. For head of household purpose, the department may treat you as unmarried if your spouse was a nonresident alien at any time during 1997. If filing as head of household and your spouse was a nonresident alien at any time during 1997, enter your spouse's name on the line next to Box 6. Also enter either your spouse's social security number or your spouse's IRS individual taxpayer

identification number in the space provided on line 2.

To qualify as a head of household, either 1 or 2 below must apply.

1. You paid over half the cost of keeping up a home that was the main home for all of 1997 of your **parent** if you can claim that parent as a dependent on your federal return. Your parent did not have to live with you in your home.
2. You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year. (If half or less, see "Exception" later.)
  - Your **unmarried** child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child does not have to be your dependent. In this case, enter the child's name in the space provided on the line next to the box on line 5. If you do not enter the name, the department may disallow your head of household status.
  - Your **married** child, adopted child, grandchild, great-grandchild, etc., or stepchild. In most cases you must be able to claim this child as a dependent on your federal return. This child does not have to be your dependent if the child's other parent claims him or her as a dependent under the rules for "Children of Divorced or Separated Parents." You can find these rules in the instructions for line 10. Enter the child's name on the line next to the box on line 5. If you do not enter the name, the department may disallow your head of household status.
  - Your **foster** child if you can claim that child as a dependent on your federal return.
  - Any other **relative** you can claim as a dependent on your federal return.

**NOTE:** You cannot file as head of household if you claim the dependent exemption under the rules for a person supported by two or more taxpayers. You can find these rules in the instructions for line 10.

### Keeping up a Home

To find out about the cost of keeping up a home, see IRS publication 501.

If you used payments you received under the **Aid to Families With Dependent Children (AFDC)** program or **other public assistance** programs to pay part of the cost of keeping up your home, you cannot count them as money you paid. You must include them in the total cost of keeping up your home to figure if you paid over half of the cost.

### Exception

You can count temporary absences, such as for school, vacation, or medical care, as time lived in your home. If the person for whom you kept up a home was born or died in 1997, you may still file as head of household as long as the home was that person's main home for the part of the year he or she was alive.

Check the line 5 box and enter your dependent's name in the space provided.

### Line 6 Box - Married Filing Separately

Use this filing status if married on December 31, 1997, and filing a separate Arizona return.

Check the line 6 box and enter your spouse's name in the space provided. Also enter your spouse's social security number in the space provided on line 2.

Arizona is a community property state. Separate Arizona income tax returns must reflect one-half of the community income from all sources plus any separate income.

You must account for community deductions and credits on the same basis as community income. Both filers must either itemize or not itemize.

One may not claim a standard deduction while the other itemizes deductions. If you and your spouse support a dependent child from community income, either you or your spouse may claim the dependent. Both of you cannot claim the same dependent on both returns.

For more information on how to file separate Arizona income tax returns, see Arizona Department of Revenue Income Tax Rulings ITR 93-18 and ITR 93-19. To get a copy of these tax rulings, call one of the help numbers listed on page 1 of these instructions.

If filing a separate Arizona income tax return with your nonresident spouse, see Arizona Department of Revenue Income Tax Ruling ITR 93-20. To get a copy of this tax ruling, call one of the help numbers listed on page 1 of these instructions.

### Line 7 Box - Single

Use this filing status if unmarried or legally separated on December 31, 1997, and you cannot use head of household. Legally separated means under a decree of divorce or of separate maintenance.

## Exemptions

Write the number of exemptions you are claiming in boxes 8, 9, and 10. Do not put a checkmark. You may lose the exemption if you put a checkmark in these boxes. You may lose the dependent exemption if you omit names, relationships, and social security numbers on page 2, Part A.

### Line 8 Box - Age 65 and Over

Write "1" in box 8 if you or your spouse were 65 or older in 1997. Write "2" in box 8 if both you and your spouse were 65 or older in 1997.

### Line 9 Box - Blind

Write "1" in box 9 if you or your spouse are totally or legally blind. Write "2" in box 9 if both you and your spouse are totally or legally blind. To qualify as

legally blind, you must attach a physician's letter stating one of the following.

1. Your vision is 20/200 or poorer with corrective lenses.
2. Your field of vision is 20 degrees or less.

### Line 10 Box - Dependents

You must complete Part A on page 2 of your return before you can total your dependent exemptions.

**NOTE:** *The Arizona meaning of the term "dependent" is for the most part the same as the federal meaning. A person that is a dependent on your federal return is also a dependent on your Arizona return.*

**Important:** *Arizona law is not always the same as federal law. In some cases, a person may be a dependent on your Arizona return, but not on your federal return.*

1. A person's gross income will not affect whether or not you can claim that person as a dependent. A person who has income in excess of the federal personal exemption may still be a dependent.
2. A person's filing status will not affect whether or not you can claim that person as a dependent. A person who files a joint return with his or her spouse may still be a dependent.

If you meet the support requirement, you may claim any of the following as a dependent.

- Your child, stepchild, adopted child;
- A child who lived in your home as a family member if placed with you by an authorized placement agency for legal adoption;
- A foster child (any child who lived in your home as a family member for the whole year);

- Your grandchild, great-grandchild, etc.;
- Your son-in-law, daughter-in-law;
- Your parent, stepparent, parent-in-law;
- Your grandparent, great-grandparent, etc.;
- Your brother, sister, half brother, half sister, stepbrother, stepsister, brother-in-law, sister-in-law;
- If related by blood, your aunt, uncle, nephew, niece;
- A person who lived in your home as a family member for the entire year if your relationship with that person was not in violation of the law.

**NOTE:** *You can take an exemption for each of your dependents who was alive during some part of 1997. This includes a baby born in 1997 or a person who died in 1997. Also, the department does not treat any relationships established by marriage as ended by divorce or death. For example, a widower may continue to claim his deceased wife's father (his father-in-law) as a dependent if he meets all of the other requirements.*

### You cannot take the following as dependents:

- Yourself or your spouse;
- A citizen of any country other than Canada and Mexico who does not live in the U.S., unless that citizen is your adopted child who lived with you all year in a foreign country.

### Support Requirement

To claim a person as a dependent, you must have provided over half that person's total support in 1997. If you file a joint return, support can come from either you or your spouse. If you remarried, the department treats the support provided by your new spouse as support coming from you.

In some cases, the department may treat taxpayers that provided less than half of a person's support as having provided more than half. See "Children of Divorced or Separated Parents." Also see "Person Supported by Two or More Taxpayers."

Support includes food, a place to live, clothing, medical and dental care, and education. Support also includes items such as a car and furniture, but only if they are for the person's own use or benefit. Figure the cost of a place to live at its fair rental value. Use the actual cost for any other item.

When figuring support, include money the person used for his or her own support, even if this money was not taxable. Examples of such items you must include are gifts, savings, social security, and welfare benefits. You must also include any other public assistance payments. The department does not treat this support as coming from you.

**Do not** include any of the following in total support.

- Income tax, social security and Medicare tax
- Life insurance premiums
- Scholarship grants
- Funeral expenses

For special rules that apply to a foster child, see IRS publication 501.

### Children of Divorced or Separated Parents

Divorced or separated parents must use special rules to decide if they meet the support requirement for their children. Parents who lived apart from each other during the last 6 months of the year must also use these rules, even if they do not have a separation agreement.

For these rules, a custodial parent is the parent who had custody of the child for most of the year. A noncustodial parent is the parent who had custody for the

shorter period of time or who did not have custody at all. See IRS publication 501 for the definition of custody.

For the most part, the department treats the custodial parent as providing over half of the child's total support. This means that, for the most part, the custodial parent can claim the child as a dependent.

In some cases the department treats the noncustodial parent as providing over half of the child's support. In these cases, the noncustodial parent can claim the child as a dependent. The noncustodial parent can claim the dependent when both parents together paid over half of the child's support and one of the following applies.

1. The custodial parent agrees not to claim the child as a dependent for federal purposes for 1997 by signing federal Form 8332 or a similar statement.
2. Your divorce decree or written separation agreement went into effect after 1984 and it states that you (the noncustodial parent) can claim the child as a dependent without regard to any condition.
3. Your divorce decree or written separation agreement went into effect before 1985 and it states that you (the noncustodial parent) can claim the child as a dependent. In this case, you must have given at least \$600 for the child's support in 1997.

### Person Supported by Two or More Taxpayers

You must use special rules to decide if you meet the support requirement if two or more taxpayers support a person. Even if you did not pay over half of a person's support, you may still claim that person as a dependent if all of the following applies.

1. You and one or more other taxpayer(s) together paid over half of the person's support.
2. You paid over 10 percent of that person's support.

3. No one alone paid over half of that person's support.

4. You can claim this person as a dependent on your federal return because each eligible taxpayer who paid over 10 percent of the person's support completed federal Form 2120.

An eligible taxpayer is someone who could have claimed the person as a dependent except that he or she did not pay over half that person's support.

### Special Arizona Rules for Dependents Age 65 or Over

You may also be able to claim a person who is age 65 or over as a dependent. This person may qualify as your dependent even if not related. A person who is age 65 or over will qualify as a dependent on your Arizona return if any of the following apply.

1. In 1997, you paid more than one-fourth of the cost of keeping this person in an Arizona nursing or licensed supervisory care home. Your cost must be more than \$800.
2. In 1997, you paid more than \$800 for either Arizona home health care or other medical costs for the person.

### Completing Line(s) A1

Enter the following on line(s) A1.

1. The dependent's name.
2. The dependent's social security number.
3. The dependent's relationship to you.
4. The number of months the dependent lived in your home during 1997.

You may lose the exemption if you do not furnish this information.

### Line A2 - Total Dependents

Enter the total number of persons listed on line(s) A1. Enter the same number onto the front of the return in box 10.

**Line A3 - Persons You Cannot Take as Dependents on Your Federal Return**

Enter the names of the dependents listed on line(s) A1 that you cannot take as a dependent on your federal return if any of the following apply.

1. Your dependent's gross income for 1997 was more than the 1997 federal personal exemption amount.
2. Your dependent filed a joint federal return with his or her spouse.
3. You are claiming the person as a dependent under the special Arizona rules for dependents age 65 or over.

**Different Last Names**

If you filed an Arizona tax return within the past four years with a different last name, enter your prior last name(s) in Part B.

**Totaling Your Income****Line 11 - Federal Adjusted Gross Income**

You must complete your federal return before you enter an amount on line 11. You must complete a 1997 federal return to determine your federal adjusted gross income even if not filing a federal return.

**Figuring Your Tax****Line 17 - Standard Deduction**

If your filing status is:	Your standard deduction is:
Single	\$ 3,600
Married filing separately	\$ 3,600
Married filing jointly	\$ 7,200
Head of household	\$ 7,200

**Line 18 - Personal Exemption**

Your personal exemption depends on your filing status.

**Personal Exemptions Chart — Line 18**

If you checked filing status	Enter
• Single (Box 7)	\$ 2,100
• Married filing joint return (Box 4) and claiming no dependents (Box 10)	\$ 4,200
• Married filing joint return (Box 4) and claiming at least one dependent (Box 10)	\$ 6,300
• Head of household and you are <b>not</b> married to a person who was a nonresident alien for federal income tax purposes at any time during 1997. (Box 5)	\$ 4,200
• Head of household and you <b>are</b> married to a person who was a nonresident alien for federal income tax purposes at any time during 1997. (Box 5)	\$ 3,150
Or Complete Form 202 <i>Personal Exemption Allocation Election</i> .	
• Married filing separately (Box 6) with neither spouse claiming any dependents (Box 10)	\$ 2,100
Or Complete Form 202 <i>Personal Exemption Allocation Election</i> .	
• Married filing separately (Box 6) with one spouse claiming at least one dependent (Box 10)	\$ 3,150
Or Complete Form 202 <i>Personal Exemption Allocation Election</i> .	

Married taxpayers claiming no dependents receive only one personal exemption of \$4,200. Married taxpayers claiming at least one dependent receive only one personal exemption of \$6,300. When married taxpayers file separate Arizona returns, the personal exemption may be taken by either taxpayer or divided between them. If one spouse qualifies to file as head of household because the other spouse was a nonresident alien for federal income tax purposes at any time during 1997, the personal exemption may be taken by either spouse or divided between them.

If you are married filing a separate return with one spouse claiming at least one dependent, or married to a nonresident alien and filing as head of household, you may claim a personal exemption of only \$3,150 (one-half of the total \$6,300) unless you and your spouse complete Form 202, *Personal*

*Exemption Allocation Election* electing a different allocation. If you are married filing a separate return with neither spouse claiming a dependent, you may claim a personal exemption of only \$2,100 (one-half of the total \$4,200) unless you and your spouse complete Form 202, *Personal Exemption Allocation Election* electing a different allocation. Complete Form 202 if one of the following applies.

1. You are married filing a separate return, with neither spouse claiming a dependent, and you or your spouse claim a personal exemption of more than \$2,100.
2. You are married filing a separate return, with one spouse claiming at least one dependent, and you or your spouse claim a personal exemption of more than \$3,150.

3. You are filing as head of household and you are married to a person who was a nonresident alien for federal income tax purposes at any time during 1997 and you or your spouse claim a personal exemption of more than \$3,150.

The spouse who is claiming more than one-half of the total personal exemption must attach the original Form 202 to his or her Arizona income tax return. The spouse who is claiming less than one-half of the total personal exemption must attach a copy of the completed Form 202 to his or her Arizona income tax return.

Call the number listed on page 1 to order Form 202.

### Line 20 - Taxable Income

Subtract line 19 from line 16 and enter the result. Use this amount to find your tax using the Optional Tax Rate Tables.

**STOP!** You must file a Form 140 if:

Your filing status is:	And your taxable income is:
Single	\$ 20,000 or more
Married filing separately	\$ 20,000 or more
Married filing jointly	\$ 40,000 or more
Head of household	\$ 40,000 or more

### Line 21 - Tax Amount

Enter the tax from the Optional Tax Rate Tables.

### Line 22 - Family Income Tax Credit

You may take the family income tax credit if you meet the following.

1. You are single or married filing separately and your Arizona gross income (line 11 of your Form 140A) is \$10,000 or less.
2. You are married filing jointly or unmarried head of household, and your Arizona gross income (line 11 of your Form 140A) is \$20,000 or less.

### Family Income Tax Worksheet - Line 22

To figure your credit, complete the family income tax worksheet.

1. a. If you checked filing status 4 or 5, is the amount on page 1, Form 140A, line 11, \$20,000 or less?  
If yes, continue.  
If no, **STOP**. You do not qualify.
- b. If you checked filing status 6 or 7, is the amount on page 1, Form 140A, line 11, \$10,000 or less?  
If yes, continue.  
If no, **STOP**. You do not qualify.
2. Enter the number of dependents you entered in box 10, page 1, Form 140A. \_\_\_\_\_
3. Number of personal exemptions. If you checked filing status 4, enter the number 2 here. If you checked filing status 5, 6, or 7, enter the number 1 here. \_\_\_\_\_
4. Add lines 2 and 3. Enter the result. \_\_\_\_\_
5. Multiply the amount on line 4 by \$30. Enter the result. \_\_\_\_\_
6. If you checked filing status 4 or 5, enter \$120 here.  
If you checked filing status 6 or 7, enter \$60 here. \_\_\_\_\_
7. Family income tax credit. Enter the lesser of line 5 or line 6. \_\_\_\_\_

Enter the amount from line 7 of the worksheet onto page 1, Form 140A, line 22.

### Line 23 - Balance of Tax

Subtract line 22 from line 21. If the result is less than zero, enter zero.

### Totaling Payments and Credits

#### Line 24 - Arizona Income Tax Withheld

Enter the Arizona income tax withheld shown on the Form(s) W-2 from your employer. Also enter the Arizona income tax withheld shown on your Form(s) 1099-R (distributions from pensions, annuities, etc.). Attach the Form(s) W-2 and 1099-R to the front of your return.

**NOTE:** You should receive your Form(s) W-2 no later than January 31. If you did not receive a Form W-2 or you think your Form W-2 is wrong, contact your employer.

### Line 25 - Amount Paid With 1997 Extension Request (Form 204)

Use this line to report the payment you sent with your extension request.

### Line 26 - Property Tax Credit

You may take the property tax credit if you meet **all** the following.

1. You were either 65 or older in 1997 or receiving SSI Title 16 income from the Social Security Administration.

**NOTE:** This is not the normal Social Security disability.

2. You were an Arizona resident for the full year in 1997.
3. You paid property tax on your Arizona home in 1997. You paid rent on taxable property for the entire year or you did a combination of both.



4. If you lived alone, your income from all sources was under \$3,751. If you lived with others, the household income was under \$5,501.

Complete Form 140PTC to figure your credit. Enter the amount from Form 140PTC, line 15.

Attach Form 140PTC to your return.

**Tax Tip:** *To claim a property tax credit, you must file your claim or extension request by April 15, 1998.*

## Figuring Your Overpayment or Tax Due

### Line 28 - Tax Due

If line 23 is more than line 27, you have tax due. Subtract line 27 from line 23. Skip line 29.

### Line 29 - Overpayment

If line 27 is more than line 23, subtract line 23 from line 27.

## Making Voluntary Gifts

You can make voluntary gifts to each of the funds shown below. A gift will reduce your refund or increase the amount due with your return.

*You cannot change original gifts later on amended returns.*

### Line 30 - Arizona Wildlife Fund

Gifts go to the Arizona Game, Nongame, Fish and Endangered Species Fund.

This fund helps protect and conserve over 1,000 nongame species.

### Line 31 - Child Abuse Prevention Fund

Gifts go to the Arizona Child Abuse Prevention Fund. This fund provides financial aid to community agencies for child abuse prevention programs.

### Line 32 - Neighbors Helping Neighbors

Gifts go to the Neighbors Helping Neighbors Fund. This fund provides eligible recipients with emergency aid in paying energy utility bills and conserving energy.

### Line 33 - Special Olympics

Gifts go to the Special Olympics Fund. This fund helps provide programs of the Arizona Special Olympics.

### Line 34 - Political Gifts

Gifts go to one of the following political parties:

Democratic  
Libertarian  
Reform  
Republican

### Line 35 - Political Party

Check the box for the political party to which you wish to give. Select only one party. If you do not select a political party, the department will return the amount on line 34.

## Figuring Your Refund or Tax Due

### Line 37 - Refund

Subtract line 36 from line 29. Enter your refund on line 37 and skip line 38.

If you owe money to any state agency and certain federal agencies, your refund may go to pay some of the debt. If so, the department will let you know by letter.

**Tax Tip:** *If you change your address before you get your refund, let the department know. Write to: Refund Desk, Arizona Department of Revenue, 1600 W Monroe, Phoenix AZ 85007. Include your social security number in your letter.*

### Line 38 - Amount Owed

Add lines 28 and 36. Enter the amount you owe on line 38.

Make your check payable to Arizona Department of Revenue. Write your social security number on the front of your check or money order. Attach your check or money order to the front of your return where shown.

The department cannot accept checks or money orders in foreign currency. You must make payment in U.S. dollars.

## Sign Your Return

You must sign your return. If married filing a joint return, both you and your spouse must sign even if only one had income. The department cannot send a refund check without proper signatures on the return.

## Instructions Before Mailing

- Be sure you enter your home telephone number in the space provided on the front of your return. If your daytime telephone number is not the same as your home number, also enter a daytime number.
- Check to make sure that your math is correct. A math error can cause delays in processing your return.
- Make sure your **NAME** is on the return. If you received your return in the mail, use the preprinted label. **If the label is not correct, do not use it.**
- If claiming **dependent** exemptions, write the number of dependents claimed on the **front** of the return. On page 2 of the return, also write each dependent's name, relationship, social security number, and the number of months that he or she lived in your home.
- Check the **boxes** to make sure you filled in all required boxes.
- Attach **all** required documents.

1. Attach *Form(s)* W-2 to the **front** of the return. Also attach *Form(s)* 1099-R to the front of the return if you had Arizona tax withheld from your pension or annuity.

2. Write your social security number on the front of your check and attach your **check** to the **front** of the return.

The Department of Revenue may charge you \$25 for a check returned unpaid by your financial institution.

3. If you requested a filing extension, attach a copy of the federal or state extension requests to the front of the return.

4. If you are claiming a property tax credit, attach a completed Form 140PTC and all required documents.

- Sign your return and have your spouse sign if filing jointly.

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## Filing Your Return

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Before you mail your return, make a copy of your return. Also make a copy of any schedules that you are sending in with your return. Keep the copies for

your records. Be sure that you file the original and not a copy.

To mail your return, use the envelope that came in your booklet. If it is missing, send the return to: Arizona Department of Revenue, PO Box 29002, Phoenix AZ 85038-9002.

**Make sure you put enough postage on the envelope.**

The U.S. Post Office must postmark your return or extension request by midnight April 15. A postage meter postmark will not qualify as a timely postmark. *Only a postmark from the United States Postal Service will qualify.*

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## How Long To Keep Your Return

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Keep your records as long as they are important for any Arizona tax law. Keep all records that support your income and deductions for a tax year until the period of limitations expires for the return for that tax year. A period of limitations is the time after which no legal action can be brought. Usually,

this is four years from the date the return was due or filed.

In some cases, the limitation period is longer than four years. The period is six years from when you file a return if you under report the income shown on that return by more than 25 percent. The department can bring an action at any time if a return is false or fraudulent, or you do not file a return.

Keep records that establish the basis of property for a period longer than four years. Also keep net operating loss records back to the date you incurred the loss. To find out more about what records you should keep, get federal Publication 552.

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## When To Expect Your Refund

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Expect your refund in the mail within 8 weeks of the date you filed. If you have not received your refund by that time, contact one of the help numbers listed on page 1 of these instructions.